EXHIBIT E

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE

Aladdin Knowledge Systems, Ltd.,	:	
	:	
Plaintiff,	:	
	:	CIVIL ACTION
v.	:	NO. 05-149
	:	
Feitian Technologies Co., Ltd.,	:	
and	:	JURY TRIAL DEMANDED
RF Ideas, Inc., d/b/a Security Tokens,	:	
and	:	
AZ-Tech Software, Inc.,	:	
and	:	
Softkey E-Solution Sdn Bhd,	:	
and	:	
Novaris Innovative Technologies,	:	
and	:	
Future Systems, Inc.,	:	
and	:	
RS-Computer	:	
and	:	
OpenFortress Digital signatures	:	
and	:	
Secure Technology, Inc.	:	
	:	
Defendants.	:	

AFFIDAVIT OF RICK LANDUYT OF R.F. IDEAS, INC. d/b/a SECURITY TOKENS IN SUPPORT OF PLAINTIFF'S RESPONSE IN OPPOSITION TO MOTION TO DISMISS OF DEFENDANT FEITIAN TECHNOLOGIES, CO., LTD.

STATE OF ILLINOIS	:	
	:	ss.
COUNTY OF BUREAU	:	

I, Rick Landuyt, being duly sworn according to law, hereby depose and state as follows:

1.   I am over the age of eighteen and a citizen of the United States. I have personal knowledge of the information contained in this Affidavit and can testify as to the information if necessary.

2.   I am the President and principal shareholder of Defendant RF Ideas, Inc.. d/b/a Security Tokens ("RF Ideas").

3.   RF Ideas was incorporated in Delaware on April 17, 1995 and has at all times maintained its active status as a Delaware corporation. RF Ideas' principal place of business is located as 4238 B Arlington Heights Road, Arlington Heights, IL 60004.

4.   In August 2003, RF Ideas executed a written contract with Feitian to become a U.S. distributor for Feitian's products. Among the products RF Ideas was authorized to distribute for Feitian were its ePass and Rockey products. As a U.S. distributor, RF Ideas was authorized to distribute Feitian's products anywhere in the United States, including in Delaware.

5.   RF Ideas maintains an interactive Internet website at URL <http://www.securitytokens.com>. From August 2003 to March 2005, RF Ideas' website contained a hyperlink to Feitian's Website, but is has been removed as a result of RF Ideas' settlement with Plaintiff. A portion of RF Ideas' website showing the hyperlink to Feitian is attached as Exhibit "1."

6.   At the time this action was filed, Feitian's infringing products were described on, and purchases of them could be made directly from, the active commercial Internet website of RF Ideas.

7.   On May 13, 2005, RF Ideas and Aladdin entered into a Settlement Agreement and Release and a Consent Judgment and Order of Dismissal with Prejudice, copies of which are attached, collectively, as Exhibit "2." The Consent Judgment and Order of Dismissal with Prejudice has been filed with the Court. RF Ideas has acknowledged the validity and enforceability of Aladdin's patents at issue in this case: (a) United States Patent No. 6,748,541 entitled "User-Computer Interaction Method For Use By A Population Of Flexibly Connectable

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Computer Systems," (the " '541 patent"); and (b) United States Patent No. 6,763,399 entitled "USB Key Apparatus For Interacting With A USB Host Via A USB Port," (the " '399 patent"). RF Ideas has agreed not to import, sell, distribute, advertise or offer for sale, Feitian's products that infringe on either or both of the '541 patent and the '399 patent.

8.   Feitian does not have a paper catalogue or brochure. Feitian never requested that RF Ideas do any print advertising for it and RF Ideas never did any print advertising for Feitian. All information concerning Feitian's products is obtainable by .pdf from Feitian's Website, and is forwarded to the customer in that format. RF Ideas does not make its own .pdf file of Feitian's products with RF Ideas' name on it; all .pdf files were on Feitian's Website.
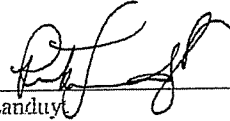
9.   Substantially all RF Ideas' communications with Feitian have been electronic. When Feitian receives a request for a product from a U.S. based customer, Feitian sends RF Ideas an email and requests that RF Ideas get in touch with the customer. RF Ideas then follows up with the prospective customer by email and tells the customer to go to RF Ideas' Website and click on Security Tokens, which will then show the customer Feitian's products. Prior to March 2005, a customer could click directly on the Feitian Website from Security Tokens' website. Since the settlement with Aladdin, the customer is directed to Feitian if they have any questions concerning the infringing products.

10.   RF Ideas' distribution of Feitian products, including the infringing products, is done exclusively through its "online store."
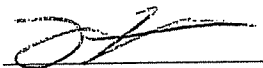
11.   RF Ideas received the Feitian Partner Newsletter – June 2005, a copy of which is attached as Exhibit "3." In it, Cecile Stadler, Feitian's Vice President of Global Markets, advises that "[s]ales for the first 5 months of 2005 are running 233% over last year, including some significant new sales for ePass. The split between Rockey/ePass is now about 55/45, quite a bit
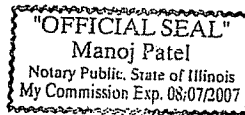
3

different than previous years where Rockey sales were 70% (2004) and 82% (2003)...The only region where sales remain far below expectations is the US/Canada...We are making steady progress. Please keep up the good work."

12. The information contained in this Affidavit is true and correct to the best of my knowledge, information and belief.

_____
Rick Landuyt

Sworn to and subscribed
before me on this 25ᵗʰ
day of October, 2005

_____
Notary Public

"OFFICIAL SEAL"
Manoj Patel
Notary Public, State of Illinois
My Commission Exp. 08/07/2007

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TAB 1

Security Tokens

PARTNERS

RF IDeas Inc.
Single Badge Solutions for Access & PC Logon

INDALA
Proven. Secure.

FEITIAN
WE BUILD SECURITY
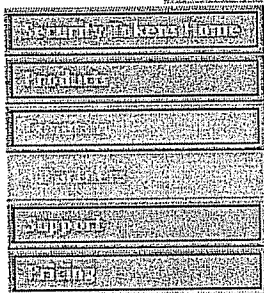
Order: 847-577-1523

[Security Tokens Home] [Products] [Company] [Partners] [Support] [Pricing]

TAB 2

SETTLEMENT AGREEMENT AND RELEASE

THIS SETTLEMENT AGREEMENT AND RELEASE (the "Agreement") is entered into effective this *13* day of May, 2005, by and between RF Ideas, Inc. d/b/a Security Tokens, Inc. ("Security Tokens") and Aladdin Knowledge Systems, Ltd. ("Aladdin") (collectively, the "Parties").

WHEREAS, on or about June 8, 2004, United States Letters Patent No. 6,748,541 (the "'541 Patent") was issued to inventors Yanki Margalit and Dany Margalit, and for an invention entitled "User-Computer Interaction Method for Use by a Population of Flexibly Connectable Computer Systems" (the "'541 Invention");

WHEREAS, on or about July 13, 2004, United States Letters Patent No. 6,763,399 (the "'399 Patent") was issued to inventors Yanki Margalit, Dany Margalit, and Rami Kastershtien for an invention entitled "USB Key Apparatus for Interfacing with a USB Host via a USB Port" (the "'399 Invention");

WHEREAS, Aladdin is the assignee of both the '541 Patent and the '399 Patent (collectively, the "Patents");

WHEREAS, Aladdin claimed Security Tokens had imported into the United States and distributed, sold or offered for sale certain products described in Attachment A to this Agreement that infringe the Patents (the "Infringing Products") and that were manufactured or distributed by a third party, Feitian Technologies Co., Ltd. ("Feitian").

WHEREAS, on March 11, 2005, Aladdin filed an action in the United States District Court for the District of Delaware, captioned as <u>Aladdin Knowledge Systems, Ltd. v. Feitian Technologies Co., Ltd. et al.</u>, Civil Action No. 05-149 (the "Action");

WHEREAS, Security Tokens was properly served with the Action;

WHEREAS, Security Tokens does not dispute that Aladdin's Patents are valid and enforceable;

WHEREAS, Security Tokens does not dispute that the Infringing Products infringe the Patents; and

WHEREAS, Security Tokens wishes to settle all claims that Aladdin has asserted against it in the Action and Aladdin wishes to compromise such claims upon the terms and conditions set forth in this Agreement.

NOW THEREFORE, effective on this _15th_ day of May 2005, the Parties, intending to be legally bound, hereby agree as follows:

1.   Security Tokens acknowledges that it received copies of the Patents and has thereby been placed on actual notice of their existence as of March 18, 2005, the date the management of Security Tokens received a copy of the Complaint in the Action.

2.   Security Tokens acknowledges that Aladdin's Patents are valid and enforceable.

3.   Security Tokens acknowledges that it has imported, distributed, sold and offered for sale the Infringing Products.

4.   Security Tokens acknowledges that the total number of infringing products it has imported to date amounts to at least _550_ total units, and that the breakdown by product type of the number of imported infringing products is accurately reflected on Attachment A.

5.   Security Tokens acknowledges that it has received gross revenues of at least ten thousand four hundred United States dollars (US$10,400) for its importation, distribution and sale of the Infringing Products.

6.   Security Tokens agrees to pay a royalty of 8.4% on the gross revenues received by Security Tokens for its importation, distribution and sale of the Infringing Products. In lieu of a cash payment from Security Tokens, Aladdin agrees to accept a credit of $874.00 towards future purchases of products sold by RF Ideas.

7.   Security Tokens agrees that within twenty (20) days of the date of the execution of this Agreement by Security Tokens it will identify to Aladdin all Infringing Products in its inventory as of March 24, 2005. Within ten (10) days thereafter, Aladdin will advise Security Tokens whether it wants to buy any or all such Infringing Products and Security Tokens will immediately sell such Infringing Products to Aladdin. The $874.00 credit set forth in the above paragraph will be applied to the sales price and shipping costs. If Aladdin does not purchase all the Infringing Products in Security Token's inventory as of March 24, 2005, Security Tokens will destroy the remaining Infringing Products and Security Tokens will provide Aladdin with written confirmation that the Infringing Products have been destroyed.

8.   Security Tokens warrants and represents that as of March 24, 2005 it ceased to import, sell, or offer to sell (including the posting of advertisements on any website under the operation and control of Security Tokens) in or into the United States any and all Infringing Products, including the products of the type identified on Attachment A and any additional products which may read on one or more of the claims of the Patents either directly or under the doctrine of equivalents as interpreted by U.S. law.

9.   Security Tokens warrants and represents that as of March 24, 2005 it ceased to import, sell, advertise for sale, or offer to sell (including the posting of advertisements on any

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website under the operation or control of Secruity Tokens) in or into the United States any products manufactured, distributed or exported by Feitian.

10.   Security Tokens warrants and represents that as of March 24, 2005 it ceased placing on any website under its operation or control any hyperlink to a website Security Tokens knows or should reasonably know is under the operation and control of Feitian and is selling any Infringing Product(s) on such website.

11.   Security Tokens warrants and represents that from and after March 24, 2005 it will not in the future place on any website under its operation or control any hyperlink to a website Security Tokens knows or should reasonably know is under the operation and control of any other Defendant in the Action, all of whom are alleged to infringe upon Aladdin's Patents, if such Defendant sells any Infringing Product(s) on such website.

12.   Security Tokens agrees to, upon receipt of a duly issued subpoena, supply to Aladdin in the Action any information, documents, materials or testimony Aladdin may require, without objection. Aladdin agrees that Security Tokens may designate as confidential any information, documents, materials or testimony produced by it in response to any subpoena issued on behalf of Aladdin in the Action and that Aladdin will take all reasonable steps to protect the confidentiality of all responses so designated.

13.   Security Tokens consents to jurisdiction and venue in the U.S. District Court for the State of Delaware for enforcement of the terms of this Agreement.

14.   Security Tokens agrees not to import, sell, distribute or offer for sale any products that Security Tokens knows or reasonably should know infringe either of the Patents because such products read on one or more of the claims of the Patents either directly or indirectly or under the doctrine of equivalents as interpreted by U.S. law.

15.   In the event that Aladdin believes that Security Tokens has breached any covenants that it makes in this Agreement, Aladdin shall notify Security Tokens in writing, providing it with the reasons that Aladdin believes that it is breaching this Agreement (including why any products in question infringe either of the Patents) and requesting it to cease any activities that Aladdin deems to be a breach of this Agreement. If Security Tokens fails to immediately cease any activities that allegedly breach this Agreement or cannot persuade Aladdin that it is not breaching this Agreement, Aladdin may promptly bring suit against Security Tokens for violation of this Agreement. If the court finds that Security Tokens had no reasonable basis for believing that it was not breaching any of the covenants in this Agreement, Security Tokens agrees to waive any objections it may have to the imposition of any legal, equitable or declaratory relief Aladdin may seek in redress of the alleged breach, including but not limited to injunctive relief, recovery of damages, recovery of punitive damages, a finding of willful infringement, and the recovery of attorneys' fees and costs. In addition, Aladdin shall be entitled to seek any and all legal, equitable, or declaratory relief that Aladdin may be entitled to on account of Security Tokens' importation, distribution, sale and offering for sale of the Infringing Products identified on Attachment A prior to the execution of this Agreement, notwithstanding

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the terms of this Agreement that would otherwise limit Security Tokens' liability for such actions.

16.   Security Tokens agrees to execute the Consent Judgment and Order of Dismissal with Prejudice attached as Exhibit B to this Agreement.

17.   Security Tokens acknowledges that Aladdin's entry into this Agreement and dismissal with prejudice of Security Tokens from the Action has no affect upon Aladdin's ability to pursue its claims against Feitian or any other Defendant in the Action, all of whom are alleged to infringe upon Aladdin's Patents.

18.   Security Tokens does hereby REMISE, RELEASE, and FOREVER DISCHARGE Aladdin, its parents, subsidiaries, affiliates, officers, directors, employees, shareholders, agents, representatives, predecessors, successors and assigns, of and from all and all manner of claims, actions, suits, defenses, debts, dues, rents, accounts, bonds, contracts, covenants, costs, fees, judgments, and demands of any kind or nature whatsoever, whether in law and equity, relating in any way to the Patents, the Infringing Products or the claims asserted by Aladdin in the Action, from the beginning of the world to the effective date of this Agreement. Nothing in the foregoing release shall operate to release claims against Feitian and its affiliates or any of the other Defendants in this Action, or their affiliates.

19.   Aladdin does hereby REMISE, RELEASE, and FOREVER DISCHARGE Security Tokens, its parents, subsidiaries, affiliates, officers, directors, employees, shareholders, agents, representatives, predecessors, successors and assigns, of and from all and all manner of claims, actions, suits, defenses, debts, dues, rents, accounts, bonds, contracts, covenants, costs, fees, judgments, and demands of any kind or nature whatsoever, whether in law and equity, relating in any way to the Patents, the Infringing Products or the claims asserted by Aladdin in the Action, from the beginning of the world to the effective date of this Agreement. Nothing in the foregoing release shall operate to release claims against Feitian and its affiliates or any of the other Defendants in this Action, or their affiliates.

20.   In consideration for the above acknowledgements, agreements and release, Aladdin agrees that it will seek dismissal with prejudice of Security Tokens from the Action by filing the Consent Judgment and Order of Dismissal with Prejudice attached as Exhibit B to this Agreement.

21.   If any provision of this Agreement or the application thereof to anyone or under any circumstances is adjudicated to be invalid or unenforceable in any jurisdiction, such invalidity or unenforceability shall not affect any other provision or application of this Agreement that can be given effect without the invalid or unenforceable provision or application and shall not invalidate or render unenforceable such provision or application in any other jurisdiction.

22.   The persons executing this Agreement on behalf of Aladdin and Security Tokens are authorized to do so.

ALADDIN KNOWLEDGE
SYSTEMS, LTD.

By: _____

Dated: May   , 2005

Title: _____

RF IDEAS, INC., d/b/a SECURITY
TOKENS, INC.

By: _____

Dated: May 1\3-2005

Title: _____

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ATTACHMENT A

PRODUCT NAME	DESCRIPTION	AVERAGE RETAIL PRICE	QUANTITY SOLD	REVENUE ON PRODUCT
ePass				
ePass Bundle		39.90	55	2,195 —
ePass Software Developer's Kit		28.54	11	314 —
Rockey 5				
Rockey 5 Bundle		21.32	355	7571 —
Rockey 5 Software Developer's Kit		16.85	14	236 —

PHIL.: 618576-2

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE

Aladdin Knowledge Systems, Ltd.,   :
                                                  :
                    Plaintiff,   :
                                                  :   CIVIL ACTION
           v.   :   NO. 05-149
                                                  :
Feitian Technologies Co., Ltd.,   :
                    and   :   JURY TRIAL DEMANDED
RF Ideas, Inc., d/b/a Security Tokens,   :
                    and   :
AZ-Tech Software, Inc.,   :
                    and   :
Softkey E-Solution Sdn Bhd,   :
                    and   :
Novaris Innovative Technologies,   :
                    and   :
Future Systems, Inc.,   :
                    and   :
RS-Computer   :
                    and   :
OpenFortress Digital signatures   :
                    and   :
Secure Technology, Inc.   :
                                                  :
                    Defendants.   :
                                                  :
_____   :

CONSENT JUDGMENT AND
ORDER OF DISMISSAL WITH PREJUDICE

WHEREAS Plaintiff Aladdin Knowledge Systems, Ltd. and Defendant RF Ideas, Inc.,

d/b/a Security Tokens, Inc. ("Settling Defendant") have entered into a comprehensive Settlement

Agreement and Release ("Settlement Agreement") to amicably terminate the above captioned

litigation as to the Plaintiff and Settling Defendant;

PHIL1 618630-1

Docket No. _28_
Date Filed: _6/10/05_

WHEREAS pursuant to the terms of the Settlement Agreement, Plaintiff and Settling Defendant have stipulated and agreed to the entry of a Consent Judgment by the Court;

WHEREAS Plaintiff and Settling Defendant have jointly applied for the entry of a Consent Judgment in a form and according to the terms set forth below;

IT IS HEREBY ORDERED:

1.   Civil Action No. 05-CV-149 is hereby dismissed and terminated, with prejudice, as to the Plaintiff and Settling Defendant.

2.   United States Letters Patent No. 6,748,541 (the "'541 Patent") is hereby adjudged valid, enforceable and infringed as to the Settling Defendant.

3.   United States Letters Patent No. 6,763,399 (the "'399 Patent") is hereby adjudged valid, enforceable and infringed as to the Settling Defendant.

4.   The Court shall retain jurisdiction over the parties to the extent necessary to enforce the terms of this Consent Judgment.

5.   Each party to this Consent Judgment shall bear its own costs and fees.

6.   The persons executing this Consent Judgment on behalf of Plaintiff and Settling Defendant are authorized to do so.

_____   _____
Date   U.S.D.J.

ACCEPTED AND AGREED TO:

Plaintiff Aladdin Knowledge Systems, Ltd.

Date: ~~May~~ June 10, 2005

By:

David S. Eagle, Esquire (Bar No. 3387)
KLEHR, HARRISON, HARVEY, BRANZBURG
& ELLERS LLP
919 Market Street, Suite 1000
Wilmington, DE 19801
deagle@klehr.com
Counsel for Plaintiff Aladdin Knowledge Systems,
Ltd.

and

Settling Defendant RF Ideas, Inc., d/b/a Security
Tokens, Inc.:

Date: May 13, 2005

Rick Landuyt
RF Ideas, Inc.
4238 B Arlington Heights Road
Arlington Heights, IL 60004

President, RF Ideas, Inc. d/b/a Security Tokens, Inc.

KLEHR, HARRISON, HARVEY, BRANZBURG & ELLERS LLP
ATTORNEYS AT LAW

DAVID S. EAGLE

Direct Dial: (302) 552-5508
DEAGLE@klehr.com

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New Jersey Office
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Suite 510
Cherry Hill, New Jersey 08002-2220
(856) 486-7900

Philadelphia Office
260 South Broad Street
Philadelphia, Pennsylvania 19102-5003
(215) 568-6060

June 10, 2005

VIA E-FILE & HAND DELIVERY

The Honorable Gregory M. Sleet
United States District Court
District of Delaware
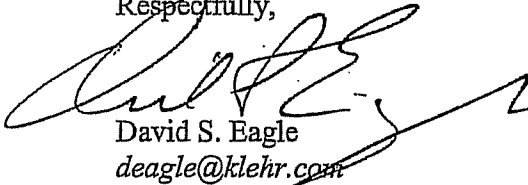844 North King Street
Lock Box 19
Wilmington, DE 19801

> **RE: Aladdin Knowledge Systems, Ltd. v. Feitian Technologies, Co., Ltd. et al.;**
> **C.A. No. 1:05-cv-00149-GMS**

Dear Judge Sleet:

We represent the plaintiff Aladdin Knowledge Systems, Ltd. ("Aladdin") in this patent infringement action. I have enclosed herewith, for the Court's consideration, a courtesy copy of a Consent Judgment and Order of Dismissal with Prejudice as to defendant RF Ideas, Inc., which has been entered into between Aladdin and RF Ideas.

If Your Honor has any questions concerning this matter, we are available.

Respectfully,

David S. Eagle
deagle@klehr.com
(Bar I.D. 3387)

DSE:sma
Encl.
cc: Mary Ellen O'Laughlin, Esq.
       Rodger D. Smith, II, Esq.
       Rick Landuyt, RF Ideas, Inc.
       Clerk of the Court

DEL1 61627-1

CM/ECF LIVE - U.S. District Court:ded   Page 1 of 1

Other Documents

1:05-cv-00149-GMS Aladdin Knowledge Systems Ltd. v. Feitian Technologies Co. Ltd. et al

U.S. District Court

District of Delaware

Notice of Electronic Filing

The following transaction was received from Eagle, David entered on 6/10/2005 at 4:48 PM EDT and filed on 6/10/2005

Case Name: Aladdin Knowledge Systems Ltd. v. Feitian Technologies Co. Ltd. et al
Case Number: 1:05-cv-149
Filer: Aladdin Knowledge Systems Ltd.
Document Number: 28

Docket Text:
SETTLEMENT AGREEMENT *Consent Judgment and Order of Dismissal with Prejudice* by Aladdin Knowledge Systems Ltd.. (Attachments: # (1) Letter to The Honorable Gregory M. Sleet from David S. Eagle)(Eagle, David)

The following document(s) are associated with this transaction:

Document description: Main Document
Original filename:n/a
Electronic document Stamp:
[STAMP dcecfStamp_ID=1079733196 [Date=6/10/2005] [FileNumber=55473-0]
[98150692fefdde7783b68544bdafefb10853afd4cf461a905a5d221db0b65d603e28b
c4e52aa12980c1dc3c1592a4473b60afed851cada42c615cb84efb41b33]]
Document description: Letter to The Honorable Gregory M. Sleet from David S. Eagle
Original filename:n/a
Electronic document Stamp:
[STAMP dcecfStamp_ID=1079733196 [Date=6/10/2005] [FileNumber=55473-1]
[e1427f31eaf674a96624d12556e851ccab0e75b7900f5d77c0c27d56e907c58e05805
fb223dc8b15df64ebb81b3ed1b0252e3a8973972dac0cf3ab8ab9215c0e]]

1:05-cv-149 Notice will be electronically mailed to:

David S. Eagle   deagle@klehr.com, sambrose@klehr.com

Rodger Dallery Smith , II   rdsefiling@mnat.com

1:05-cv-149 Notice will be delivered by other means to:

TAB 3

Feitian Partner Newsletter – June 2005

It has been a long time between newsletters. The last one was way back in December 2004. There is quite a bit of news to report. Some good. Some bad.

Let's start with the good news. Sales for the first 5 months of 2005 are running 233% over last year, including some significant new sales for ePass. The split between Rockey/ePass is now about 55/45, quite a bit different than previous years where Rockey sales were 70% (2004) and 82% (2003). ePass growth was largest is Asia, especially Japan, and also Malaysia. EMEA showed significant growth in Rockey sales. The only region where sales remain far below expectations is the US/Canada… We are making steady progress. Please keep up the good work.

Other good news: Plans for the 1st Annual Feitian Partners Conference are being made. Sally Lai Sally@FTsafe.com is coordinating this event, which will be in Beijing and is tentatively scheduled for the 2nd week of October 2005. Check out cheap airfares to China, and practice using those chopsticks… Also, we recently released three new products in China – ROCKEY Smart (also known as ROCKEY6), ePass3000, and ROCKEY400, our new driverless smart card reader. These products are not yet available in the International market. Assuming a successful rollout in the Chinese market, you can expect them in the next 3-6 months. For details on these and other products, please see the "Product News" section below.
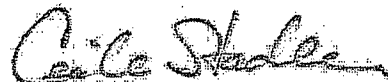
Additionally, a new version of the ePass2000 Users Guide is now in print, and includes whole new sections in the PKI Application Guide chapter. New manuals for ePassNG, Rockey Smart and Enterprise ePass are also in the works. More marketing collateral in the form of a Product Road Map, ePass Competitive Brief (draft version) has also been placed on the partner FTP area, along with a new tool for ePass to reset tokens with blocked SOPINs. And finally, there are a number of new names and faces in the International Group, more complete introductions and their contact information below.

Now the bad news. As you know, we are being sued by Aladdin Knowledge Systems for patent infringement in the state of Delaware in the USA. Aladdin named Feitian and eight of its partners as defendants in this lawsuit. Suffice it to say, the lawsuit is without merit and Feitian has hired attorneys in the USA to fight this lawsuit. Details below.

Late products. We are still waiting for some products, scheduled for release as early as last year, to be completed by the development group and subsequently released to the International Market. Included amongst these are ePass1000-ND, ePassNG (MacOS support), and EF. For complete details, please see the "Product News" section below.

And finally, I am sad to report that this will be my last Partner Newsletter. At the end of June, I will be returning to the USA for the summer. When I get back to Beijing in the fall, I will be enrolling in the Tsinghua University Chinese language program. As some of you know, it has been a personal priority for me to learn Chinese here in Beijing, which I have not had time to do while working at Feitian. My last official day will be June 17th, after which I will remain on with Feitian on a consulting basis, continuing with some liaison work for the Aladdin lawsuit. I have had a wonderful time here at Feitian. One of the best parts of my job has been the opportunity to work with all of you. I wish you and Feitian only continued success.

With warm regards,

June 1, 2005

Product News _____

ROCKEY5 C51 – ROCKEY5 with C51 support

Availability:	Beta version available NOW. Please contact ZHAO Wenwang Wenwang@FTsafe.com to request an SDK. Although we will continue to ship ROCKEY5 to existing ROCKEY5 customers, all new customers will get ROCKEY C51. This product will replace the current ROCKEY5 product.
Features:	This is a new middleware release for ROCKEY5, which supports programming in C51 instead of LC. The Cx51 language is a complete implementation of the American National Standards Institute (ANSI) standard for the C language with additional operations designed to generate extremely fast and compact code for the 8051 microprocessor.
Pricing:	No change.

NetROCKEY5 C51 – Smart Card Dongle for Network Software

Availability:	Beta version available NOW. Please contact ZHAO Wenwang Wenwang@FTsafe.com to request an SDK.
Features:	Essentially ROCKEY5 C51 with network support, USB-only. - Supports TCP/IP, IPX and NetBIOS protocols - Supports redundant servers, may run on multiple machines - Supports remote update function, like increasing module logon licenses, activating new modules - Offers 255 modules, maximum logon client numbers and logon valid time can be set to each module - Cross network - Anti-modification, immune from virus attack
Pricing:	Suggested end-user pricing is approximately 2-3X R5. Distributor pricing will be 1.5-2X R5. Pricing will be set by the time the English version is available.

ROCKEY Smart – Driverless Smart Card Dongle w 32bit MCU

Availability:	Just released in China; International release 12/2005.
Features:	32bit processor with more memory, native C/C++, onboard encryption, DES and FP support, and it's driverless (HID)
Pricing:	To be set prior to release.

ROCKEY4 ND with >2K user memory

Availability:	China 8/2005, International Q4/2005
Features:	A "final" enhancement to Rockey4 adding additional user memory (>2K) and making it driverless.
Pricing:	To be set prior to release.

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ePassNG – PKCS#11 Middleware (Windows, Linux, MacOS)

Availability:	DONE for Linux 8,9 and SUSE The manual is not complete, but a draft version is available. Contact ZHAO Wenwang at Wenwang@FTsafe.com for details.
Features:	Much more complete support for PKCS#11 especially on Linux and MacOS.

This is a software only release that works with all ePass hardware, as well as (potentially) non-Feitian tokens. Support for various tokens and operating systems is as follows:

➢ ePass3000 – NOW
➢ ePass1000 ND – July 2005
➢ MacOS support – July 2005

Pricing: to be determined. Proposed pricing is none with product purchase, some incremental price if no hardware is purchased.

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ePassND – Driverless ePass1000 (8K)

Availability: Hardware has been done for months. Release is awaiting the NG middleware release (see above) that supports this hardware. Currently scheduled for one month after the release of ePass3000, July 2005.

Features: Will be a functional replacement for ePass1000, without the driver.

Pricing: no change in pricing (same as ePass1K)

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ePass2000-FT12

Availability: China Q3/2005, International Q4/2005

Features: Based on a FIPS-compliant ST smart chip with a full-functioning COS. This latest addition to the ePass2000 family will have more free memory and be available in the smaller cases (A series, B3, D series and E1).

Pricing: Pricing will be similar to ePass2000-FT2, less than the G&D versions....

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ePass3000 – 32bit MCU, w ~64K free memory

Availability: Just released in China; International release H2/2005.

Features: Based on a 32bit processor with 128K flash (~64K free) and a domestic smart chip, this token will have all the power and performance needed for the most strenuous authentication applications. Initial release is based on PC/SC drivers; future versions will be driverless and support RSA 2048 bit key pairs.

Pricing: To be set prior to release.

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ePass+flash – NEW Samples Available

After 3 iterations with various suppliers, we have a good batch of working samples for EF. EF is essentially ePass with a flash disk. Unlike the previous samples, which were made by hand in a different case, these are true samples of the final product. Samples are in a B3-like case (slightly smaller), USB 1.1, ePass2000 with 128MB flash.

Our manufacturing plan for EF has changed a bit. We will continue to offer EF as a custom order product, but, it will not be manufactured by Feitian; it will be manufactured by the flash disk manufacturer. We will provide the ePass part of EF and the manufacturer will provide the F(flash) part of EF.

Product must be custom ordered. Customer can specify which ePass, desired flash memory size and USB 1.1 or 2.0. The minimum quantity order is 500. Lead-time is a month. Pricing will be quoted on a case by case basis based on volume. Private labeling available.

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ePass+bio (on hold)
This product has been put on hold, and is no longer in the active schedule.

ROCKEY400 – Driverless (HID) Smart Card Reader

Availability: Just released in China; International release Q3/2005.
Features: Driverless smart card reader
Pricing: To be set prior to release.

Manuals & more

New Manuals

ePass2000 Users Guide v2.1. We have finally updated the old, obsolete print version of the ePass2000 manual. Version 2.1 of the manual has corrected information about the SOPIN, and additional sections on PKI applications. Current SDKs have a soft copy version of this manual on the CDROM. Future SDKs will include a print version as well. This version of the manual will be part of all future ePass2000 SDKs. A .pdf version of the manual is available on the partner ftp site[i]

Also included on the partner ftp site are *draft* versions of the following manuals:
  ➢ ePassNG
  ➢ Enterprise ePass: Quick Client Setup Notes
  ➢ Rockey5 C51

Marketing Collateral & Other Tools

Some additional marketing materials to help you position and demo Feitian products have been uploaded to the partner ftp site, specifically

  ➢ **Product Road Map** – An internal Company Confidential chart of product development plans for each of our product lines: ROCKEY, ePass and the Smart Card Readers. Please do NOT sell products that have not been completed or released. As you know, product development plans are subject to change, and are rarely early. Also, please do NOT show this document to customers. The intent of this document is to allow you to describe the general strategy and direction of our product development plans, so that prospective customers are assured that the company has a continuing investment in improving its product lines.

  ➢ **ePass Competitive Brief (draft)** – A consolidation of the competitive information I have researched or received to date. Further market research and additional briefs covering other products and competitors need to be written.

  ➢ **Enterprise ePass** – This is an ePass application that Feitian developed for a single customer in Japan. The application is based on ePass1000 only. It does not support ePass2000. It does smart card logon, and 3DES encrypted PC file support. We translated the application to English and used it as a demo at CeBIT. There is a small end user instruction booklet that has been translated to English. We currently plan to bundle this solution freely to distributors as a tool you can use to help sell ePass. The company is still somewhat undecided about whether to offer this as a solution for sale. We currently enjoy a very symbiotic relationship with most of our partners because we do not overlap in our respective product spaces. Nor are we prepared to deal with end-user support. We are seriously thinking of giving the

source code to integrators or one of our solution partners to enhance and improve on the condition that they return the enhanced code back to us.

Problems, Problems

ePass Token Initializer Tool – Because of poorly worded documentation in version 1.0 of the ePass2000 User's Guide, it was fairly common for users to inadvertently enter the wrong SOPIN 3 times when initializing the token, and therefore cause the token to be blocked. The documentation has been updated, and a tool has been provided to partners (not customers) that allows you to re-initialize the token, change the SO or User PIN, change the number of allowed bad entry attempts before blocking the token. Those of you who have not already received this tool, can download it from the partner ftp site.

Which ePass2000: FT1 vs. FT2 vs. FT10 vs. FT12
There are currently 3 different ePass2000 products and soon-to-be a fourth. The chart below summarizes the differences between the four:

	ePass2000-FT1	ePass2000-FT10	ePass2000-FT2	ePass2000-FT12
HW/MW specs	• G&D smart chip/COS • full func StarCOS 2.4 • FIPS compliant • 32K ROM 32K EE (~18K free)	• G&D smart chip/COS • full func StarCOS 2.3-faster • 32K ROM 32K EE (~18K free)	• Chinese-mfg smart chip/COS • limited COS 1.5 • 24K ROM 32K EE (~13K free)	• ST SC • full func COS • 32K ROM 32KEE (32K free) • No ND version • PC/SC only
Supported OS's	Win 98/2K/XP/2003 Linux, Mac (w NG MW)			
Cases	A1,A2,A3,B3	A1,A2,A3,B3	B3	A1,A2,A3 B3, D1,D2 E1
Additional Comments	The primary differences between FT1 and FT2 are in the areas of performance, free memory and certifications. A smart card logon with FT10 is about 10+s faster than FT2. In applications that are constrained by other performance bottlenecks (VPN logon, other types of network logons, or any authentication that traverses the web) the performance difference between FT10 and FT1 is negligible. There is a free memory difference of about 5K between FT1 and FT2, which affects the number of digital certifications, passwords, or other security credentials you can store on the token. And finally, the FT1 chip with G&D StarCOS 2.4 is FIPS 140-2 compliant, which may be a requirement for some customers. One additional comment: the FT2 COS is also not a fully implemented version, which means that applications that want to make direct calls to the hardware (APDU commands, as opposed to making calls through the middleware) are not supported. However, all functions involved in using the smart chip as an authentication token are implemented.			

For those of you with sensitive logon performance issues, the fastest ePass2000 is FT10 (based on StarCOS 2.3). We have improved the smartcard logon performance times by more than a factor of two. Logon times are about 12s for a smart card logon, and 8s for unlock. Moreover, you no longer need wait for the LED to stop blinking to enter your PIN – you may enter it instantaneously, so the end user doesn't really know if it's Windows or ePass. FT10 is now the standard ePass2000 that is shipped in all ePass2000 SDKs, unless explicitly specified otherwise.

Other News _____

Aladdin lawsuit

As mentioned earlier, Aladdin is suing our US distributors and some of our foreign distributors (and supposedly us, but we have yet to be served papers) for patent infringement in the USA. The two patents are as follows:

- US 6,748,541 User-Computer Interaction Method for Use by a Population of FCCS. Essentially a flexibly connected pocket size device that stores user information (Filed: Oct 5, 1999; Granted: Jun 8, 2004), and

- US 6,763,399 USB Key Apparatus for Interacting with a USB Host via s USB Port. Essentially a USB pocket size device that has a smart card/chip in it (Filed: Nov 10, 1998; Granted: Jul 13, 2004)

Our first legal task is to get the lawsuit thrown out entirely for our foreign partners. Once the lawsuit is between us (Feitian and its US distributors) and Aladdin, we will begin the fight in earnest. We have been collecting very solid evidence for both invalidating the patents and proving non-infringement. If you know (or can find) prior art (i.e., products on the market, even Aladdin's own products, that meet the patent criteria) one year prior to the filing date of these patents, the patents can be proven invalid.

Quite frankly, our lawyers are amazed that Aladdin was granted these patents, as they are so broad -- they are probably thousands of USB devices with a smart card/ship on it.... In any case, any help you can provide would be greatly appreciated. Aladdin is systematically going through its competitors in the USA and either cutting a deal, or suing them. It is in all our interests to squash these ridiculous patents as quickly as we can.

Local SDKs

Preparing the SDK kits (with electronic versions of the box cover design, packaging materials, brochures, manuals, and CD master) has taken a bit longer than anticipated due to product name changes and other sales situations. This SDK kit will allow you to insert your company info, optionally translate, and produce your own SDKs at considerable savings in shipping and tariffs. Feitian would have approval over box design and other product or component images. The cost of an SDK would be reduced to the cost of the product sample, plus your own locally produced print/CD/packaging materials. Rachel (yuhong@FTsafe.com) is working on a simple agreement for you to sign. Please contact her for more detailed status. Of course, you may continue to order complete SDKs from Feitian.

www.FTsafe.com

After a very long pause, we have resumed work on our new website. A sneak peak can still be found at http://www.bj-job.com/kehu/feitian/. Please give us feedback. Ignore the content; it was copied from the old site. The new site will have a separate logon area just for partners where you can share information and tips about Feitian and its products. We will also be restoring all the distributor links.

2005 Partner Conference

Our first ever Feitian Partner meeting will be held in Beijing this October 2005. The tentative date is the 2nd week of October. Sally Lai Sally@FTsafe.com is coordinating this event. The current program plan outline is below:

General Topics
- Corporate Profile/Vision
- Market Trends
- Markets/Positioning
- Product Roadmap
- Product Descriptions
- Critical Success Factors
- ROCKEY/ePass Factoids

Technical Workshops
- Introduction to Cryptography/PKI
- Competitive Analysis Sessions
- Handling Customers Questions & Concerns
- Case Studies

Sales Training
- The Sales Cycle
- Key Product Differentiators
- Channel Development
- Pricing Guidelines

In between, we hope to show you a bit of China, have some fun getting to know each other, and celebrate a successful 2005.   If you have specific suggestions for this event, please let Sally know. If you would like to volunteer to give a session (before we draft you), please let us know. I may schedule a return visit to Feitian just to have the opportunity to meet you all.

Hellos & Good Byes
Last but not least, please extend a warm welcome to our new sales staff members:
- Sally Lai Sally@FTsafe.com - ext.822 – Europe
- Joanna Pu ligiong@FTsafe.com - ext.818 – Middle East, Africa & Order Fulfillment
- Michael Liu liuhui@FTsafe.com - ext.823 – North America

And finally, I wish to extend a heartfelt good-bye to each of you. It has been wonderful to work with you all. You will be missed. Thank you and good-bye.

End _____

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[i] ftp://feitian.3322.org/downloads, username: parnter and password: p1a2r3n4 (that's a one, not the letter "l").